IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA	)	Civil Action No. 1:17-CV-0308 (GLS/DJS)
	)	
Plaintiff	)	
v.	)	
	)	
$16,072.00 in U.S. Currency;	)	
$280,100.00 in U.S. Currency;	)	
$160,020.00 in U.S. Currency; and a	)	
2008 Ford Expedition SUV bearing	)	
VIN: 1FMFU16518LA35739,	)	
	)	
Defendants.	)	

VERIFIED COMPLAINT OF FORFEITURE *IN REM*

Plaintiff, the United States of America, by its attorney, Richard S. Hartunian, United States Attorney for the Northern District of New York, brings this complaint and alleges as follows in accordance with Supplemental Rule G(2) of the Federal Rules of Civil Procedure.

NATURE OF ACTION

1) This is an action to forfeit and condemn to the use and benefit of the United States a total of $456,192.00 in United States currency and a 2008 Ford Expedition SUV bearing VIN: 1FMFU16518LA35739 (collectively, the "defendant properties") representing, respectively, proceeds traceable to violations of 21 U.S.C. §§ 841(a)(1) and 846 and a conveyance used to facilitate such violations.

THE DEFENDANT *IN REM*

The defendant properties consist of:

2) $16,072.00 in United States currency seized from Joshua Stegemann on May 2, 2013;

3) $280,100.00 in United States currency seized from Joshua Stegemann on May 2, 2013;

4) $160,020.00 in United States currency seized from Sara Polo on May 6, 2013 (collectively, the "defendant currency"); and

5) a 2008 Ford Expedition SUV bearing VIN: 1FMFU16518LA35739 (the "defendant vehicle").

The defendant properties are in the custody of the U.S. Marshals Service.

JURISDICTION AND VENUE

6) Plaintiff brings this action *in rem* in its own right to forfeit and condemn the defendant property. This Court has jurisdiction over an action commenced by the United States under 28 U.S.C. § 1345 and over an action for forfeiture under 28 U.S.C. § 1355(a).

7) This Court has *in rem* jurisdiction over the defendant property under 28 U.S.C. § 1355(b). Upon the filing of this complaint, the plaintiff requests that the Court issue an arrest warrant *in rem* pursuant to Supplemental Rule G(3)(b), which the plaintiff will execute upon the property pursuant to 28 U.S.C. § 1355(d) and Supplemental Rule G(3)(c).

8) Venue is proper in this district pursuant to 28 U.S.C. §§ 1355 and 1395 because the acts or omissions giving rise to the forfeiture occurred in this district.

BASIS FOR FORFEITURE

9) The defendant currency is subject to forfeiture pursuant to 21 U.S.C. § 881(a)(6), which provides for the forfeiture of:

> [a]ll moneys, negotiable instruments, securities, or other things of value furnished or intended to be furnished by any person in exchange for a controlled substance or listed chemical in violation of [21 U.S.C. §§ 801, *et seq.*], all proceeds traceable to such an exchange, and all moneys, negotiable

> instruments, and securities used or intended to be used to facilitate any violation of [21 U.S.C. §§ 801, *et seq.*]

21 U.S.C. § 881(a)(6).

10) The defendant vehicle is subject to forfeiture pursuant to 21 U.S.C. § 881(a)(4), which provides for the forfeiture of all "conveyances," including vehicles, that are used or intended to be used to transport or otherwise facilitate the transportation, sale, receipt, possession, or concealment of property described in 21 U.S.C. § 881(a)(1), (a)(2), or (a)(9).

FACTS

11) The facts alleged in this complaint are based upon information and belief, the sources of which are reports from the Drug Enforcement Administration ("DEA"), Rensselaer County Sheriff's Department ("RCS"), Massachusetts State Police ("MSP"), and other written and oral information officially received by the Office of the United States Attorney for the Northern District of New York.

12) Between in or about the spring of 2012 and in or about March 2013, members of the Berkshire County Drug Task Force ("BCDTF") obtained information indicating that Joshua Stegemann ("Stegemann") of Rensselaer County, New York, and J.C., of Berkshire County, Massachusetts, were members of a large narcotics trafficking conspiracy that distributed a variety of illegal drugs in Berkshire County, including cocaine, crack cocaine, heroin, and oxycodone pills.

13) On March 12, 2013, members of the BCDTF obtained authority to intercept telephone calls occurring over two cellular telephone numbers being used by J.C. By March 20, 2013, based on the J.C. wiretap and other evidence collected in the investigation, BCDTF investigators sought and obtained authority to intercept calls to and from three cellular telephone

numbers used by Stegemann to traffic narcotics. Ultimately, investigators obtained authority to intercept calls occurring over a total of eight cellular telephone numbers suspected of being used by Stegemann to traffic narcotics between March 20, 2013 and April 30, 2013. These intercepted calls showed Stegemann actively participating in a conspiracy to distribute illegal drugs.

14) For example, on or about April 6, 2013, M.C., the brother of J.C., called Stegemann on his cell phone ending in *3854. Stegemann did not answer the call, but one minute later, at 5:38 p.m., Stegemann called M.C. back from a cell phone ending in *7516. A conversation ensued, during which Stegemann and M.C. discussed, among other things: (a) tainted heroin (M.C. said "there is some s*** going around with rat poison in it"); (b) the fact that law enforcement pressure would be stepped up (Stegemann said that "[t]he f***in heat is gonna be on"); and (c) the fact that M.C. should meet Stegemann at his home in order to conduct a drug sale (M.C. asked, "[y]ou want to get up?").

15) Similarly, on or about April 12, 2013, M.C. called Stegemann on a cell phone ending in *3854. Stegemann did not answer the call, but seconds later he called M.C. from a telephone number ending in *9502. During the call, Stegemann complained that he was not making a sufficient profit from his activities. The call also included a coded negotiation between Stegemann and M.C. about how much cocaine Stegemann would sell to M.C. for $110.

16) On April 28, 2013, Stegemann called another alleged co-conspirator, T.P., the mother of M.C. T.P. answered the call and greeted Stegemann by saying "honey, I'm home." Based on previous intercepted phone calls between T.P. and Stegemann, this is known to mean home from having shoplifted merchandise to trade Stegemann for drugs. Stegemann replied, "oh, beautiful, beautiful." T.P. then stated that he was going to love it, referring to the merchandise she had for him. Stegemann told her that he was so excited. T.P. then asked if she could please "get

some [inaudible]" because she had to pay the rent. Stegemann replied "you tell me exactly what you want." T.P. responded that she had "lots and lots," to which Stegemann responded "awesome." T.P. then told Stegemann that she needed "head, back and money," which are known by law enforcement to refer to cocaine, pills, and cash. Stegemann then told T.P. that she was the best and that he was going to take good care of her.

17) M.C. and T.P. were intercepted numerous times on Stegemann's cellular telephones, talking in code about various quantities of illegal narcotics, arranging meeting locations, and thanking Stegemann after successful deals.

18) As the investigation proceeded, BCDTF investigators contacted RCDTF investigators and communicated their suspicions that Stegemann was using his rural residence and the surrounding grounds in Stephentown, New York as a base of operations to conduct his drug trafficking activities. As part of their efforts to covertly confirm or deny these suspicions, investigators, including members of the RCDTF, conducted aerial surveillance of the residence and vicinity. On April 15, 2013, aerial surveillance observed Stegemann gathering an amount of drugs from a rock pile by a lamppost on his Stephentown premises, entering the defendant 2008 Ford Expedition SUV, and driving to an offsite location where he met Cooperating Witness #1 ("CW#1"), an individual whose identity is known to law enforcement. Both Stegemann and CW#1 remained in their vehicles, and Stegemann sold CW#1 drugs via an exchange conducted through the driver's side window of each vehicle.

19) On April 29, 2013, the Rensselaer County Drug Task Force sought and obtained a warrant from Rensselaer County Court Judge Debra J. Young to search Stegemann's premises in Stephentown and his 2008 Ford Expedition for evidence of drug trafficking.

20) At approximately 4:27 a.m. on April 30, 2013, members of the RCDTF, assisted by members of the BCDTF, Rensselaer County Sheriff's Office and New York State Police, executed the search warrant at the Stephentown premises. Upon entry into the residence, Stegemann fled on foot in a southeasterly direction until he was stopped by pursuing investigators, canines, and perimeter security approximately 200 to 300 meters from the residence.

21) Rensselaer County Sheriff's Office maintained control of the area until daylight arrived, after which a line search was conducted. In conjunction with the line search, a narcotics canine assigned to the Rensselaer County Sheriff's Office alerted on a rock pile in the tree line ("Rock Pile #1"). In Rock Pile #1, investigators found a black plastic bag containing smaller baggies that in turn contained approximately 300 grams of suspected cocaine, 300 oxycodone pills, and 305 assorted other pills. Investigators then walked the canine due north along the tree line and located a second rock pile ("Rock Pile #2") approximately 40 yards north of the first rock pile. Hidden within Rock Pile #2 was a loaded, stolen, Ruger 9mm pistol and ammunition.

22) In addition to the narcotics, pistol, and ammunition, the execution of the search warrant for the Stephentown premises recovered numerous items from both the residence and surrounding grounds. Items seized within the residence included at least three envelopes containing $5,000 in cash, multiple cellular telephones, drug packaging materials, and a .20-gauge shotgun. Items seized on the grounds of the Stephentown premises included illegal drugs, a revolver and ammunition, and over $280,000 in cash hidden in various landscaping features. The seized items included:

i) 791.2 grams of cocaine;

ii) 108.2 grams of crack cocaine;

iii) 405 pills of Oxycodone, various dosages;

iv) 31 grams of heroin;

v) A small quantity of marijuana contained in 3 glass jars;

vi) Two digital scales;

vii) Two handguns with ammunition;

viii) One shotgun with ammunition;

ix) Numerous cellular telephones;

x) Numerous stolen motorized vehicles and landscaping equipment; and

xi) One Radio Shack Scanner.

23) The seized drugs were tested at the Drug Enforcement Administration's Northeast Laboratory, which confirmed the chemical composition and weight.

24) Stegemann was arrested on April 30, 2013, and detained at the Rensselaer County Jail. On May 3, 2013, while detained in the jail's booking area, Stegemann made two calls to family members. These calls, which were recorded and reviewed by investigators with the BCDTF, included veiled references to sources of money for Stegemann's bail. Based on these calls, BCDTF investigators interviewed Stegemann's mother and sister. During the interview of Stegemann's sister, officers learned there was a safe in her attic in Pittsfield, Massachusetts that belonged to Stegemann. After obtaining a search warrant, the safe was opened and searched, and the defendant $160,000.00 in United States currency was found inside.

25) On September 18, 2013, Stegemann was indicted by a grand jury in the United States District Court, Northern District of New York, Docket No. 1:13-CR-357, for violations of 21 U.S.C. § 841 (a)(1) (possession with the intent to distribute controlled substances); 18 U.S.C. § 924(c)(1)(A) (possession of a firearm in furtherance of a drug trafficking offense); and 18 U.S.C. § 922(g)(1) (felon in possession of a firearm). On August 5, 2015, a federal jury found Stegemann

guilty on all counts as charged. On July 20, 2016, Stegemann was sentenced by the Hon. Gary L. Sharpe, Senior United States District Judge, to a term of imprisonment of 360 months and was ordered to forfeit the defendant properties. Stegemann has appealed his conviction and sentence, including the judgment of forfeiture.

26) During the relevant time period, Stegemann had no known source of legitimate income.

27) Taken together, the evidence in this case demonstrates that Stegemann conspired with J.C., M.C., T.P., and others to distribute and to possess with the intent to distribute controlled substances, that the defendant currency is traceable to this conspiracy, and that the defendant vehicle was used to facilitate the distribution, and the conspiracy to distribute, controlled substances.

28) On or about September 3, 2015, the DEA received an administrative claim from Elizabeth Quigley, Esq. on behalf of Stegemann for the defendant property.

WHEREFORE, the United States of America prays that process of issue in due form of law, according to the course of this Court in actions *in rem*, against the defendant properties and that a warrant issue for the arrest of the defendant currency as more particularly described herein; that all persons having any interest therein be cited to appear herein and answer the complaint; that a judgment be entered declaring the defendant properties condemned and forfeited to the United States of America for disposition in accordance with law; that the costs of this suit be paid to and recovered by the United States of America; and that the United States be granted such other and further relief as this Court may deem just and proper.

Dated: March 16, 2017

RICHARD S. HARTUNIAN
United States Attorney

By: */s/ Sean O'Dowd*
Sean O'Dowd
Assistant United States Attorney
Bar Roll No. 518067

VERIFICATION

STATE OF NEW YORK)
) ss:
COUNTY OF ALBANY)

I, Jeffrey D. Knight, being duly sworn, depose and state:

I am a Special Agent with the United States Drug Enforcement Administration. I have read the foregoing Complaint for Forfeiture and assert that the facts contained therein are true to the best of my knowledge and belief, based upon knowledge possessed by me and/or on information received from other law enforcement officers.

Dated this 16 day of March, 2017.

Jeffrey D. Knight, Special Knight
Drug Enforcement Administration

Sworn to and subscribed before me this 16th day of March, 2017.

Notary Public

JESSICA VELLANO
NOTARY PUBLIC-STATE OF NEW YORK
No. 01VE6053483
Qualified in Rensselaer County
My Commission Expires January 08, 2019